



ANNUAL REPORT 2020

Board Report

Management Report

Year in brief

Financial Report

Maple Street Co-operative Society Limited

37 Maple Street

Maleny, Qld 4552

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ABN 22 528 678 160

Maple Street Co-operative Society

Board Chair Report 2020

This has been an interesting and exciting year for the Maple Street Co-op Board of Directors. The members elected two new directors at the AGM last year: Patricia Lake and Robyn Harper. Patricia accepted the position of Deputy Chair, while Robyn Harper has taken on the portfolio of marketing. Additionally, Elke Watson, whose directorship was confirmed at the last AGM, was selected as Staff Liaison. We are also happy to introduce our new Board Secretary, Richard Langley. We thank outgoing director James Grimard, who resigned in September.

Celebrations

We celebrated the Coop's 40th Birthday in December and January in true style with a number of events. Thanks to the 40th Committee composed of members, staff and directors, we held three special events for the 40th anniversary: giveaways and cake at the Maleny Street Carnival in December which marked the day the Coop was incorporated; 40 days of specials starting January 18th, the day the Co-op opened its doors; and a wonderful party on the 29th of February, free for all members.

Covid-19 Risk Management

We were lucky to complete celebrations in February. From March, the Board held special weekly early morning Zoom meetings to address the issues around Covid-19. Thanks to all of the directors for their dedication and flexibility during this time. Like everyone else, we learned new ways of working together electronically. As a thank you to our dedicated members who continued to shop at the Co-op during the tough months of the pandemic, the Board voted to reduce the renewal fees by half in July.

Professionalising Our Board

Through the highs and lows of celebrations and pandemics, we have also taken the time this year to work towards professionalising our Board. We reviewed and updated our vision and mission statement and Ends in a special Board session attended by all directors. Patricia Lake spearheaded and coordinated the work on our Strategic Plan through a series of collaborative sessions. Robyn Harper has reviewed and enhanced our Marketing Plan for the Coop. We have also reviewed our Governance Policies, carried out the Manager and Director performance reviews, held new director inductions and regular financial checks. We have also curated our Board Dropbox and new Director's Information Manual as important resources for the future.

Co-op Expansion

The Board voted in favour of expanding the Coop into the neighbouring space in February 2019. Through this year we have continued to support and oversee the expansion work which culminates with our move in and opening in this coming week. We have continued to be assisted in this by our Expansion Committee, a group of dedicated and professional volunteers who have met faithfully almost every month for one and a half years to support Peter and the Board through the Expansion.

Back Garden and the CHASM House

Another strong volunteer effort has been in the back garden. Visitors may have noticed a big change in the garden in 2020. Beginning in January, Emily Goldsmith kindly volunteered as Garden Coordinator, and brought in a friendly, active group of gardeners to find the "secret garden" under the weeds that had grown there. Six months later, when Emily stepped down, Kat Szuminska took over as co-ordinator. She has begun the work of permaculture planning and spring planting as well as harvesting a number of items, such as turmeric and mint, which have been sold in the Coop. She also organised an excellent garden workshop on Syntropic Gardening, attended by nearly twenty people just last month. This was both a successful fundraiser for the garden, a collaboration with Forest Heart, and an educational project of the Co-op. The fortnightly "garden parties" continue to be educational and enjoyable place for member volunteers to meet, learn and support the Coop garden.

In 2019, the Board signed a lease with CHASM (Compassionate Housing Affordability Solutions for Maleny) to allow them to build their model modular home in the garden. We were pleased to attend their gala grand opening and celebrate the success of completing the home. We hope to move forward with the project soon when a resident will be chosen to live in the model home. This person will also assist with the Co-op garden.

On the Horizon

In the coming year we will be adopting the changes around the new National Co-operatives Law in Queensland, refining our marketing, considering online services, overseeing and evaluating the new expansion and remaining in contact with our members to continue to improve our services.

Appreciations

The Board thanks our dedicated members and customers for their support through this roller coaster of a year. We extend special thanks to Peter Pamment, on behalf of the membership, for leading the Co-op through a year that has been both very successful and very challenging. In two days a week, Peter maintains his work as Business Manager, oversees staff and operations and has managed our two very large projects: the 40th anniversary and the Co-op Expansion. We also thank Sue and Coby Verstraten for tremendous dedication through the decades to support the Co-op. While we fondly farewell Sue, we have Coby to keep things strong and steady and we warmly welcome Charlotte Fogarty-Henderson in her new position as Shop Manager and Fiona Emberton as Assistant Manager. We also thank all the staff and volunteers for their hard work through the 40th anniversary celebrations, the pandemic and the shop expansion. They are an impressive team and their dedication to quality and care is apparent every day.

Kamala Alister

Board Chair, Maple Street Co-operative

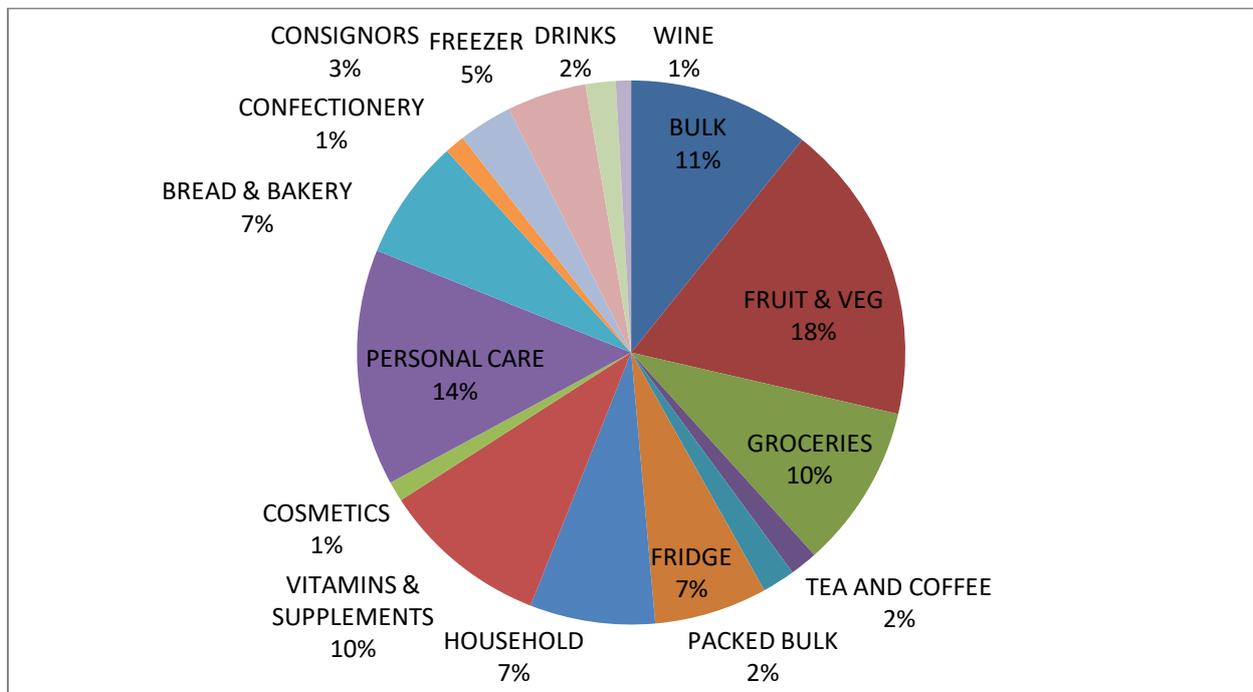
Management Report 2020

The year has been a challenging one for the Co-op team with the need to change many of our operational practices responding to the Covid-19 pandemic. The importance of the Co-op to members and the community has been highlighted, as we have managed to continue to supply health and organic products with commitment from staff and great support and understanding from members.

Our Performance

Overall sales this year were up 7.82% to nearly \$2.4M which is expected with the brisk food sales due to the Covid-19 environment. The importance of healthy food and products is even more important in these difficult times. Gross profit for the year was \$131k and with the recent past good profits have enabled us to provide resources needed to expand into the whole of the building at 37 Maple Street, currently leased by Maleny Food Co.

Sales by Category 2020



With the expansion we have done a lot of work on reclassifying our products within the POS system so that we could work out shelving requirements and provide more meaningful reports for the board and members. There are a few more categories but they provide a more realistic picture about what your Co-op sells.

The major sale change over the pandemic period is that members and customer were coming in less often, but were buying many more items at one time. Thus, for the year our customer numbers are down on last year but sales volume and item basket size is up.

Our Consignors

By being connected with our farmer members we have been able to sell local produce and products from over 50 local consignors. This includes an extensive range of locally and organically grown

vegetables and fruit, honey, drinks, skin care ranges, jams, cakes and various other groceries and much more.

Reporting

Our audited financial report includes a new leases accounting standard (AABS 16) which requires us to account for our 99year lease as a liability and as a right of use asset at present day values, which is close to \$20m as it is such a long term lease. This lease liability is depreciated over time. This years' depreciation is \$263k so our audited report shows a loss for the year of over \$147k. This is simply an accounting issue and not a reflection of any underline financial issue. We are in a very healthy position. An operational profit and loss and balance sheet that does not account for the lease standard is provided here for members information.

The new Co-operative National Law which comes into effect on December 1st in Queensland will enable us to report to members going forwards without the distortion of this requirement.

Working Together with Covid-19

A huge thank you to the Co-op staff for the past year. They have adapted to the Covid-19 situation with willing support in doing what was required to continue service to members. They agreed to change their work days to develop two non-over lapping shifts, take up extra cleaning activities, process phone and remote orders for members and ensured that the Co-op implemented and meet all Covid-19 requirements and plans.

Sadly, Sue left us in early July as she decided to work less and travel more. She will be sadly missed as she has been a major part of the front face of the Co-op for nearly 20 years. Charlotte has stepped up to fill her shoes and is now the shared shop manager with Coby so that we have coverage on busy trading days. With the increased management and planning for the expansion the management roles required increase and Fiona Emberton has taken up a part time role as assistant manager.

We are currently employing 15 staff members, this includes full time, part time and casual. We welcome some new faces this year whom you may have met in the shop are Annika Radu and Nayha Wright. With the expansion we are looking to maintain current staffing levels, but also take on a school-based trainee.

We again gave back consistently to local organisations that are doing good in our community through many various sponsorships and donations. This year has included CHASM, Barung, Lions Club, Maleny Show, Neighbourhood Centre and local meetings.

Bright New Future

As this AGM gets underway the shop expansion into the next-door space has started and the excitement is growing as the Co-op undertakes a much needed new phase of operations. Staff input and suggestions for the expanded space has been much appreciated and hopefully we can achieve the results that members requested for more bulk, easier layout, better light, more space, while keeping the unique look and feel of our Co-op.

Management and staff are now looking forward to supporting the board in considering strategic options for the future directions of your Co-op over the next five years, improved member/customer engagement and enhanced product offerings.

Peter Pamment, Business Manager

2019-20 YEAR IN BRIEF

PROFIT



Profit \$131,041



Net Profit \$113,904



Equity \$394K

SALES



Gross Sales \$2,319M



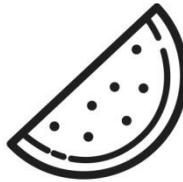
Customers 87,369



Items Sold 310K



30% Local Products



Average Sale \$29

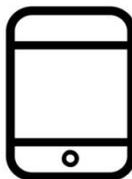


Cart Size 3.5 Items

SUPPLIERS



220 Suppliers



49 Consignors



4261 Stock Items

MEMBERS



956 Owner - Members



51% Sales to Members



13 Employees

Profit & Loss Statement

July 2019 To June 2020

ABN: 22 528 678 160

Email: finance@maplestreet.coop

INCOME:	
Shop Sales	\$2,285,450.41
Less Members Discounts	-\$82,535.39
Annual Subscriptions (270)	\$18,309.12
Consignment Commissions	\$42,122.84
Rent & Outgoings Received	\$55,470.39
Total INCOME:	\$2,318,817.37
COST OF SALES:	
Opening Stock	\$145,143.66
Purchases	\$1,456,591.66
Stocktake variance	\$4,165.48
Goods Written Off	\$3,140.09
Freight	\$10,719.69
Packaging	\$4,898.21
Closing Stock	-\$160,947.88
Total COST OF SALES:	\$1,463,710.91
Gross Profit	\$855,106.46
EXPENSES:	
General Expenses	
Accounting fees	\$1,500.00
Advertising & Marketing	\$1,674.38
Audit Fees	\$5,100.00
Bad Debts	-\$0.25
Bank Fees	\$467.47
Bank Fees - PayPal	\$31.40
Bank Fees Eftpos	\$12,140.96
Outside Events	\$3,719.37
Cleaning	\$2,087.14
Depreciation	\$13,596.00
Donations - Out	\$4.84
Consultants	\$2,860.00
Insurance	\$9,687.70
Leasing - Equipment	\$6,050.00
Light and Power	\$15,363.86
Legal Costs	\$85.00
Managers Expense Account	\$1,123.36
Meeting Expenses	\$6,313.06
Office/Shop Consumables	\$4,399.72
Postage	\$167.68
Photocopying	\$7,829.80
Rates & Land Tax	\$23,590.21
Rent-Shop	\$86,986.06
Repairs and Maintenance	\$7,350.20
Security	\$751.00
Software & Computer Expenses	\$4,882.98
Stationery	\$1,343.20
Subscriptions	\$384.09
Telephone & Internet	\$1,653.68
Till errors	-\$84.13
Training & Planning	\$258.00
Total General Expenses	\$221,316.78

Profit & Loss Statement

July 2019 To June 2020

Salary & Wages Costs		
Wages Shop	\$440,203.78	
Wages Admin	\$40,722.72	
Leave accrual expense	-\$1,910.73	
Superannuation	\$44,639.68	
Work Cover	\$7,456.87	
Staff Amenities	\$4,272.66	
Total Salary & Wages Costs		\$535,384.98
Total EXPENSES:		\$756,701.76
Operating Profit		\$98,404.70
Other Income		
MCU Interest	\$1,155.07	
Donations	\$25.00	
Grants	\$32,443.00	
Garden Income	\$68.74	
Other Income	\$0.01	
Total Other Income		\$33,691.82
Other Expenses		
Garden Expense	\$664.33	
Interest Charges	\$391.42	
Total Other Expenses		\$1,055.75
Net Profit/(Loss)		\$131,040.77

Balance Sheet

As of June 2020

ABN: 22 528 678 160

Email: finance@maplestreet.coop

Assets		
Current Assets		
MCU 4614	\$14,259.35	
Suncorp 204117611	\$95,668.12	
Cash Register Float	\$750.00	
Safe float	\$1,000.00	
MCU E Saver	\$66,492.94	
MCU Garden Account	\$428.00	
M&DCCU	\$10.00	
W/D Tea Co-op Ltd	\$5.00	
Stock on Hand	\$160,947.88	
Prov - Software Support	\$1,373.63	
Prov - Income Tax	-\$6,913.63	
Prov - Rates & Land Tax	-\$800.00	
Prov - LS & Annual Leave	-\$25,244.01	
Prov - Light & Power	-\$600.00	
Accounts Receivable	\$4,730.69	
Prepayment - Insurance	\$6,204.22	
Total Current Assets		\$318,312.19
Assets - Non-Current		
Building Improvements-Co-op	\$137,580.17	
Less Depreciation	-\$41,691.00	
Plant at Cost	\$210,411.37	
Accumulated Depreciation P&E	-\$134,052.82	
Total Assets - Non-Current		\$172,247.72
Total Assets		\$490,559.91
Liabilities		
Liabilities - Current		
Trade Creditors	\$9,681.35	
Point 3 Creditors	\$55,294.82	
Frequent Shopper \$	\$708.98	
GST Collected On Sales	\$7,745.85	
GST Paid On Purchases	-\$7,328.85	
PAYG Tax	\$6,850.00	
Superannuation Payable	\$4,864.88	
Cash in Advance / FS Dollars	\$2,440.72	
Sundry Creditors & Wages Accru	\$9,800.00	
Prov - Auditors & Accounting	\$5,846.00	
Total Liabilities - Current		\$95,903.75
Loan Account-MCU 3721		\$627.19
Total Liabilities		\$96,530.94
Net Assets		\$394,028.97
Equity		
Members Share Capital		
Member Share Capital (269)	\$25,250.00	
Cancelled Member Shares	\$7,875.00	
Capital Reserve Account	\$50,141.43	
Income Tax Paid	-\$17,136.63	
Retained Earnings	\$196,858.40	
Current Year Earnings	\$131,040.77	

Balance Sheet

As of June 2020

ABN: 22 528 678 160

Email: finance@maplestreet.coop

Total Members Share Capital	\$394,028.97
Total Equity	\$394,028.97

Maple Street Co-operative Society Limited

Audited Financial Report
For the Year Ended 30 June 2020



MAPLE STREET CO-OPERATIVE SOCIETY LTD

ABN: 22 528 678 160

Financial Report For The Year Ended 30 June 2020

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MAPLE STREET CO-OPERATIVE SOCIETY LTD
ABN: 22 528 678 160
DIRECTORS' REPORT

Your directors present their report on the cooperative for the financial year ended 30 June 2020.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Kamala Alister
Bev Jorgensen
Janet Lutje retired 24 October 2019
Richard Ralph
Elke Watson
James Grimard
Patricia Lake elected 24 October 2019
Robyn Harper elected 24 October 2019

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations

The profit (loss) of the cooperative for the financial year after providing for income tax amounted to (\$ 147,343)

A review of the operations of the cooperative during the financial year and the results of those operations found that changes in retail demand have seen an increase in sales of 8% to \$2.3m. The increase in sales has contributed to the Co-operative's operational profit before lease depreciation and Covid grants increasing to \$98k.

New Accounting Standards Implemented

The cooperative has implemented one new Accounting Standard that is applicable for the current reporting period.

AASB 16: *Leases* has been applied retrospectively, with the cumulative effect of initially applying the Standard recognised as an adjustment to the opening balance of retained earnings at 1 July 2019. Therefore the comparative information has not been restated and continues to be reported under AASB 117: *Leases*.

Significant Changes in the State of Affairs

No significant changes in the cooperative's state of affairs occurred during the financial year.

Principal Activities

The principal activities of the cooperative during the financial year were the retail sales of organic produce and products. No significant change in the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the cooperative, the results of those operations, or the state of affairs of the cooperative in future financial years.

Likely Developments and Expected Results of Operations

The cooperative will continue to pursue its strategic objectives to increase market share and profitability of organic produce and product sales. This will entail expansion of the shop space to enhance customer experience and product choice.

Environmental Regulation

The cooperative's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

No dividends paid or declared since the start of the financial year.

Options

No options over issued shares or interests in the cooperative were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the cooperative.

MAPLE STREET CO-OPERATIVE SOCIETY LTD

ABN: 22 528 678 160

DIRECTORS' REPORT

Proceedings on Behalf of the cooperative

No person has applied for leave of Court to bring proceedings on behalf of the cooperative or intervene in any proceedings to which the cooperative is a party for the purpose of taking responsibility on behalf of the cooperative for all or any part of those proceedings.

The cooperative was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under the Cooperatives Act 1997 is set out on page 3.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director

Kamala Alister
Kamala Alister

Dated this

23

day of

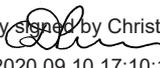
September

2020

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
MAPLE STREET CO-OPERATIVE SOCIETY LTD

In accordance with the Corporations Act 2001, we are pleased to provide the following declaration of independence to the directors of Maple Street Co-Operative Society Ltd. As the audit partner for the audit of the financial report of Maple Street Co-Operative Society Ltd for the year ended 30 June 2020, we declare that, to the best of our knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Name of Firm	SDE Audit & Corporate
	Signature valid
	
	Digitally signed by Christine Perren
	Date: 2020.09.10 17:10:18 EAS
Name of Partner	Christine Perren
Date	10 SEPTEMBER 2020
Address	Level 1, 9-15 Mill Street, Nambour Qld

MAPLE STREET CO-OPERATIVE SOCIETY LTD
 ABN: 22 528 678 160
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
Revenue		2,245,038	2,075,960
Other income		107,471	77,027
Changes in inventories		(1,463,627)	(1,351,203)
Administration expenses		(25,795)	(25,379)
Operating expenses		(34,881)	(26,084)
Employee benefits expense		(527,928)	(512,717)
Auditors remuneration	2	(5,100)	(5,100)
Depreciation and amortisation expense		(276,635)	(12,392)
Occupancy expense		(47,621)	(134,668)
Bad and doubtful debts		0	(13)
Revaluation of property, plant and equipment		-	-
Finance costs	2(a)	(94,811)	(6,652)
Other expenses		(6,318)	(5,643)
Profit before income tax		<u>(130,207)</u>	<u>73,137</u>
Income tax (expense)	12	(17,137)	(17,752)
Profit for the year		<u><u>(147,343)</u></u>	<u><u>55,385</u></u>
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:		-	-
Total other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>(147,343)</u></u>	<u><u>55,385</u></u>

The accompanying notes form part of these financial statements.

MAPLE STREET CO-OPERATIVE SOCIETY LTD
 ABN: 22 528 678 160
 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	178,598	76,666
Trade and other receivables	4	4,731	25,216
Inventories	5	160,948	145,144
Other current assets	6	7,578	7,428
TOTAL CURRENT ASSETS		<u>351,855</u>	<u>254,455</u>
NON-CURRENT ASSETS			
Financial assets	7	15	15
Property, plant and equipment	8	172,248	141,466
Right-of-use assets	9	19,464,850	-
TOTAL NON-CURRENT ASSETS		<u>19,637,113</u>	<u>141,481</u>
TOTAL ASSETS		<u><u>19,988,968</u></u>	<u><u>395,936</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Lease liabilities		90,161	-
Trade and other payables	10	80,258	69,992
Borrowings	11	627	570
Current tax liabilities	12	6,914	6,280
Provisions	13	32,131	29,884
TOTAL CURRENT LIABILITIES		<u>210,090</u>	<u>106,727</u>
NON-CURRENT LIABILITIES			
Lease liabilities		19,635,937	-
Provisions	13	10,159	11,335
TOTAL NON-CURRENT LIABILITIES		<u>19,646,096</u>	<u>11,335</u>
TOTAL LIABILITIES		<u><u>19,856,187</u></u>	<u><u>118,061</u></u>
NET ASSETS		<u><u>132,782</u></u>	<u><u>277,875</u></u>
EQUITY			
Issued capital	14	25,250	25,200
Reserves		58,016	55,816
Retained earnings		49,515	196,859
TOTAL EQUITY		<u><u>132,782</u></u>	<u><u>277,875</u></u>

The accompanying notes form part of these financial statements.

MAPLE STREET CO-OPERATIVE SOCIETY LTD
 ABN: 22 528 678 160
 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

Note	Share Capital		Retained Earnings (accumulated losses)	Reserves		Total
	Ordinary	Partly paid ordinary shares		Capital Reserve	Financial Assets Reserve	
	\$	\$		\$	\$	
Balance at 1 July 2018	25,000		124,590	53,391		202,981
Comprehensive income						
Profit for the year			55,385			55,385
Other comprehensive income for the year						-
Movement in Capital	200			2,425		2,625
Prior year adjustment			16,884			16,884
Total comprehensive income for the year attributable to owners of the entity	200	-	72,269	2,425	-	74,894
Balance at 30 June 2019	25,200	-	196,859	55,816	-	277,875
Cumulative adjustment upon adoption of new accounting standard – AASB 16						-
Balance at 1 July 2019	25,200	-	196,859	55,816	-	277,875
Comprehensive income						
Profit for the year			(147,343)			(147,343)
Other comprehensive income for the year						-
Movement in Capital	50			2,200		2,250
Total comprehensive income for the year attributable to owners of the entity	50	-	(147,343)	2,200	-	(145,093)
Balance at 30 June 2020	25,250	-	49,516	58,016	-	132,782

The accompanying notes form part of these financial statements.

MAPLE STREET CO-OPERATIVE SOCIETY LTD
 ABN: 22 528 678 160
 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	2,371,839	2,130,429
Payments to suppliers and employees	(2,132,414)	(2,075,312)
Interest received	1,155	320
Finance cost	(6,441)	(6,652)
Income tax (paid)/refunded	-	-
Net cash provided by operating activities	16a <u>234,139</u>	<u>48,785</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	<u>(44,378)</u>	<u>(9,723)</u>
Net cash (used in)/provided by investing activities	<u>(44,378)</u>	<u>(9,723)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	2,375	2,975
Payment for redemption of shares	(100)	(200)
Repayment of borrowings - other	57	52
Repayment of lease liabilities	<u>(90,161)</u>	<u>-</u>
Net cash provided by/(used in) financing activities	<u>(87,829)</u>	<u>2,827</u>
Net increase/(decrease) in cash held	101,932	41,889
Cash and cash equivalents at beginning of financial year	76,666	34,777
Cash and cash equivalents at end of financial year	3 <u><u>178,598</u></u>	<u><u>76,666</u></u>

The accompanying notes form part of these financial statements.

Note 1 Summary of Significant Accounting Policies

Maple Street Co-Operative Society Ltd is a cooperative limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue on [insert date] by the directors of the cooperative.

Basis of Preparation

The directors have prepared the financial statements on the basis that the cooperative is a non-reporting entity because there are no users dependent on general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Cooperatives Act 1997. The cooperative is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements that are mandatory under the Australian Accounting Standards applicable to entities reporting under the Cooperatives Act 1997 and the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

Basis of Preparation

(a) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

(b) Fair Value of Assets and Liabilities

The cooperative measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

Fair value is the price the cooperative would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs.

(d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Lease hold improvements

Lease hold improvements are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of lease hold improvements are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are charge to the statement of profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the cooperative and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets, is depreciated on a straight-line basis over the asset's useful life to the cooperative commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Lease hold improvements	3%
Plant and equipment	10% - 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(e) Leases (the cooperative as lessee)

At inception of a contract, the cooperative assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the cooperative where the cooperative is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the cooperative uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs.

The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the cooperative anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(f) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the cooperative becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the cooperative commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.16.

Classification and Subsequent Measurement

Financial liabilities

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The *effective interest method* is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in a effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost if it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income if it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The cooperative initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the groupings is documented appropriately, so that the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the cooperative made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit and loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the cooperative's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the cooperative no longer controls the asset (ie it has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment

The cooperative recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amounts due from customers under contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The cooperative uses the following approaches to impairment, as applicable under AASB 9:

- the general approach
- the simplified approach
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

General approach

Under the general approach, at each reporting period, the cooperative assesses whether the financial instruments are credit-impaired, and:

- if the credit risk of the financial instrument has increased significantly since initial recognition, the cooperative measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- if there is no significant increase in credit risk since initial recognition, the cooperative measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: Revenue from Contracts with Customers that contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groupings of historical loss experience, etc).

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Purchased or originated credit-impaired approach

For a financial asset that is considered credit-impaired (not on acquisition or origination), the cooperative measured any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- where a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- it is probable the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the cooperative assumes that the credit risk has not increased significantly since initial recognition and accordingly it can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the cooperative applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term;
- adverse changes in economic and business conditions in the longer term may, but not necessarily will, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a risk of default lower than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, the cooperative recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(g) Impairment of Assets

At the end of each reporting period, the cooperative assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(h) Employee Benefits

Short-term employee benefits

Provision is made for the cooperative's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The cooperative's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense.

The cooperative's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the cooperative does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(i) Provisions

Provisions are recognised when the cooperative has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(k) Revenue Recognition

Revenue generated by the cooperative is related to the sale of organic goods

Sale of organic goods

The cooperative sells organic products. Revenue is recognised when control of the products has transferred to the customers. For such transactions, this is when the products are provided to the customers. Membership discounts could be provided with the sale of these items, depending on the eligibility of the customers. Revenue from these sales is based on the price stipulated in the contract, net of the estimated membership discounts.

Membership discounts are calculated and applied at the point of sale.

The products are sold under standard warranty terms. These terms may require the cooperative to provide a refund for faulty products. The cooperative's obligation to provide a refund for these faulty products is recognised as a provision in accordance with AASB 137: Provisions, Contingent Liabilities and Contingent Assets.

Customers have a right to return products. At the point of sale, a cash refund is recognised with a corresponding adjustment to revenue for these products.

Consistent with the recognition of the refund liability, the cooperative further has a right to recover the product when customers exercise their right of return. Consequently, the cooperative recognises a right-to-retained-goods asset and a corresponding adjustment is made to cost of sales.

Historical experience of product returns is used to estimate the number of returns on an inventory level, using the expected value method. It is considered highly probable that significant reversal in the cumulative revenue will not occur given the consistency in the rate of return presented in the historical information.

Other income

Interest income is recognised using the effective interest method.

(l) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(m) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

(n) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(p) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(q) New and Amended Accounting Policies Adopted by the cooperative

Initial application of AASB 16

The cooperative has adopted AASB 16 Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16, the comparatives for the 2019 reporting period have not been restated.

The cooperative has recognised a lease liability and right-of-use asset for all leases (with the exception of short-term and low-value leases) recognised as operating leases under AASB 117: Leases where the cooperative is the lessee.

The lease liabilities are measured at the present value of the remaining lease payments. The cooperative's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The following summary indicates the classification right-of-use asset and reclassification of lease liability from AASB 117 to AASB 16 on 1 July 2019 due to implementation of AASB 16:

Category	Carrying amount	Reclassification	Carrying amount
	under AASB 117		under AASB 16
	\$	\$	\$
Classified:			
Right-of-use asset	-	19,727,889	19,727,889
Current Liability - Lease Liability	-	(90,161)	(90,161)
Non Current Liability - Lease Liability	-	(19,637,728)	(19,637,728)

The cooperative's weighted average incremental borrowing rate on 1 July 2019 applied to the lease liabilities was 0.05%. The difference between the undiscounted amount of operating lease commitments at 30 June 2019 of \$nil and the discounted operating lease commitments as at 1 July 2019 of \$19,727,889 was \$19,727,889, which is due to change in recognition of the operating lease commitments at the leases inherent interest rate by the Australian Accounting Standards.

(r) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the cooperative.

Key Estimates

(i) Impairment

The cooperative assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the cooperative that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key Judgements

(i) Performance obligations under AASB 15

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/ type, cost/ value, quantity and the period of transfer related to the goods or services promised.

(ii) Lease term and option to extend under AASB 16

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably certain of being exercised is a key management judgement that the cooperative will make. The cooperative determines the likelihood to exercise on a lease-by-lease basis, looking at various factors such as which assets are strategic and which are key to the future strategy of the cooperative

(iii) Employee Benefits

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. The cooperative expects most employees will take their annual leave entitlements within 24 months of the reporting period in which they were earned, but this will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

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Note 2 Profit before Income Tax

	2020 \$	2019 \$
(a) Expenses		
Cost of sales	<u>1,463,627</u>	<u>1,351,203</u>
Interest expense for financial liabilities not at fair value through profit or loss		
— external entities	6,050	6,652
— related entities	<u>88,761</u>	<u>-</u>
Total finance costs	<u>94,811</u>	<u>6,652</u>
Other expenses:		
Depreciation of property, plant and equipment	276,635	12,392
Remuneration of the auditor for:		
— auditing or reviewing the financial statements	5,100	5,100
— taxation services provided by related practice of auditor	<u>1,500</u>	<u>1,500</u>
	<u>6,600</u>	<u>6,600</u>

Note 3 Cash and Cash Equivalents

	2020 \$	2019 \$
CURRENT		
Cash at bank and on hand	<u>178,598</u>	<u>76,666</u>
Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	<u>178,598</u>	<u>76,666</u>

Note 4 Trade and Other Receivables

	2020 \$	2019 \$
CURRENT		
Trade receivables	<u>4,731</u>	<u>25,216</u>

Note 5 Inventories

	2020 \$	2019 \$
CURRENT		
At cost:		
Stock on hand	<u>160,948</u>	<u>145,144</u>

Note 6 Other Assets

	2020 \$	2019 \$
CURRENT		
Prepayments	<u>7,578</u>	<u>7,428</u>

Note 7 Financial Assets

	2020 \$	2019 \$
NON-CURRENT		
Investments in equity instruments designated as at fair value through other comprehensive income		
Unlisted investments	<u>15</u>	<u>15</u>

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Note 8 Property, Plant and Equipment

	2020	2019
	\$	\$
LAND AND BUILDINGS		
Lease hold impairment at:		
Directors' valuation	137,580	135,700
Accumulated depreciation	(41,691)	(38,265)
Total lease hold improvements	<u>95,889</u>	<u>97,435</u>
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	210,411	167,914
Accumulated depreciation	(134,053)	(123,883)
	<u>76,359</u>	<u>44,031</u>
Total property, plant and equipment	<u>172,248</u>	<u>141,466</u>

(a) Asset revaluations

Lease hold improvements

At the end of the reporting period, lease hold improvements held by the cooperative were valued by the directors. The fair value of the lease hold improvements was determined to be \$95,889.

Note 9 Right-of-use assets

The cooperative leases a property. The lease has a 99 year lease term.

Options to Extend or Terminate

An option to extend or terminate is contained in the property leases of the cooperative. This clause provides the cooperative opportunities to manage the lease in order to align with its strategies. All of the extension or termination options are only exercisable by the cooperative. No extension option or termination option was included in the calculation of the right-of-use asset.

i) AASB 16 related amounts recognised in the balance sheet

	2020
	\$
Right-of-use assets	
Leased building	19,727,889
Accumulated depreciation	(263,039)
Total right-of-use assets	<u>19,464,850</u>

Movement in carrying amounts:

Leased buildings:	
Recognised on initial application of AASB 16 (previously classified as operating leases under AASB 117)	
Leased building	19,727,889
Depreciation expense	(263,039)
Net carrying amount	<u>19,464,850</u>

Note 10 Trade and Other Payables

	2020	2019
	\$	\$
CURRENT		
Unsecured liabilities		
Sundry payables and accrued expenses	<u>80,258</u>	<u>69,992</u>

Note 11 Borrowings

	2020	2019
	\$	\$
CURRENT		
Unsecured loans	627	570
Total current borrowings	<u>627</u>	<u>570</u>

Note 12 Tax

	2020	2019
	\$	\$
Income Tax Expense	<u>(17,137)</u>	<u>(17,752)</u>
Assets		
CURRENT		
Income tax payable	<u>6,914</u>	<u>6,280</u>

MAPLE STREET CO-OPERATIVE SOCIETY LTD
 ABN: 22 528 678 160
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 13 Provisions

	2020	2019
CURRENT	\$	\$
Employee Benefits	<u>32,131</u>	<u>29,884</u>
NON-CURRENT		
Employee Benefits	<u>10,159</u>	<u>11,335</u>

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience the cooperative does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the cooperative does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

Note 14 Issued Capital

	2020	2019
	\$	\$
1,010 (2019: 1,008) fully paid ordinary shares	<u>25,250</u>	<u>25,200</u>

Ordinary shareholders participate in dividends and the proceeds on winding up of the entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Note 15 Capital and Leasing Commitments

	2020	2019
	\$	\$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Payable — minimum lease payments		
— not later than 12 months	90,161	84,985
— between 12 months and five years	388,515	377,199
— later than five years	<u>24,101,952</u>	<u>24,203,429</u>
	<u>24,580,628</u>	<u>24,665,613</u>

The property lease is a non-cancellable lease with a 99-year term, with rent payable monthly in advance. Contingent rent provisions within the lease agreement require that the minimum lease payments shall be increased by 3% per annum. An option exists to renew the lease at the end of the 99-year term for an additional term of 99 years. The lease allows for subletting of lease areas.

Note 16 Cash Flow Information

	2020	2019
	\$	\$
(a) Reconciliation of cash flows from operating activities		
with profit after income tax		
Profit after income tax	(147,343)	55,385
Non-cash flows in profit		
— depreciation	276,635	12,392
— write off inventory	7,389	5,717
— interest expense on lease liability	88,370	
— impairment loss on financial assets	(25)	(150)
Loss allowance on financial assets and other items:		
— loss allowance on trade receivables		11
— Prior year adjustment		16,884

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Changes in assets and liabilities:		
— (increase)/decrease in trade and other receivables	20,335	(22,458)
— (increase)/decrease in inventories	(23,193)	(13,411)
— increase/(decrease) in income taxes payable	10,266	
— increase/(decrease) in trade and other payables	(6,280)	(6,358)
— (increase)/decrease in income taxes payable	1,072	6,280
— increase/(decrease) in provisions		(5,507)
Net cash provided by operating activities	<u>227,226</u>	<u>48,785</u>

Note 17 Reserves

a. **Capital Reserve Account**

Capital Reserve Account relates to funds retained by the cooperative from cancelled shares of members that cease to meet active membership requirements and forfeit shares.

Note 18 Cooperative Details

The registered office of the cooperative is:
Maple Street Co-Operative Society Ltd
37 Maple Street
Maleny Qld 4552

The principal place of business is:
Maple Street Co-Operative Society Ltd
37 Maple Street
Maleny Qld 4552

MAPLE STREET CO-OPERATIVE SOCIETY LTD

ABN: 22 528 678 160

DIRECTORS' DECLARATION

The directors have determined that the cooperative is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

1. The financial statements and notes are in accordance with the Cooperatives Act 1997 and:
 - (a) comply with Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the cooperative's financial position as at 30 June 2020 and of the performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.

2. In the directors' opinion there are reasonable grounds to believe that the cooperative will be able to pay its debts as and when they become due and payable.

Director

Kamala Alister
Kamala Alister

Dated this

23

day of

Sept.

2020

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MAPLE STREET CO-OPERATIVE SOCIETY LTD

Opinion

We have audited the financial report of Maple Street Co-Operative Society Ltd (the cooperative), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements including a summary of significant accounting policies and the directors' declaration.

In our opinion:

the accompanying financial report of the cooperative is in accordance with the Cooperatives Act 1997, including:

- i. giving a true and fair view of the cooperative's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards - Reduced Disclosure Requirements to the extent described in Note 1, and the Corporations Regulations 2001

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the cooperative in accordance with the auditor independence requirements of the Cooperatives Act 1997 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Cooperatives Act 1997, which has been given to the directors of Maple Street Co-Operative Society Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Cooperatives Act 1997. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the cooperative's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the cooperative are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Cooperatives Act 1997 and the needs of members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the cooperative's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the cooperative or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MAPLE STREET CO-OPERATIVE SOCIETY LTD

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the cooperative's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the cooperative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the cooperative to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the cooperative to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the cooperative audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Signature valid

Digitally signed by Christine Perren
Date: 2020.09.24 15:28:35 EAS

Auditor's name and signature:

Christine Perren

Name of firm:

SDE Audit & Corporate

Address:

Level 1, 9-15 Mill Street, Nambour QLD 4560

Dated this 24 day of September 2020